

Consumers Energy Company

“Adopt and issue minute dated November 7, 2016, acknowledging that, in response to a July 11, 2016 letter of probable non-compliance sent by the Commission Staff to Consumers Energy Company, the Commission Staff and Consumers Energy Company have entered into the attached Administrative Consent Agreement requiring Consumers Energy Company to pay a civil penalty in the amount of \$20,000 and requiring the company to implement certain remedial actions with respect to its gas safety program. Within 30 days after completion of all remedial actions, Consumers Energy Company shall submit a letter of final resolution to the Commission Staff. The Commission also acknowledges its acceptance of the Administrative Consent Agreement, without modification, as a full and final disposition of this matter.”

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of November 7, 2016.

Kavita Kale, Executive Secretary

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

*IN THE MATTER OF
THE ADMINISTRATIVE CONSENT AGREEMENT
BETWEEN CONSUMERS ENERGY COMPANY AND
MICHIGAN PUBLIC SERVICE COMMISSION STAFF*

ADMINISTRATIVE CONSENT AGREEMENT

This Administrative Consent Agreement (“Agreement”) is entered into, as of the dates listed below, between the Michigan Public Service Commission (“MPSC” or the “Commission”) Staff (“Staff”) and Consumers Energy Company (“Consumers Energy” or the “Company”) for the purpose of resolving all matters related to Staff’s July 11, 2016 letter which alleged that Consumers Energy committed “probable violations” of the Pipeline and Hazardous Materials Safety Administration (“PHMSA”) Rules 49 CFR 192.603(b) and 49 CFR 192.605(a). The undersigned parties agree as follows:

WHEREAS, on July 11, 2016, Staff sent a letter to Consumers Energy indicating that Staff performed an investigation subsequent to “a natural gas explosion and fire” which “occurred at a residence located at 10218 Dodge Road, Montrose, Michigan.” As a result of Staff’s investigation, Staff determined that Consumers Energy committed “probable violations” of the Michigan Gas Safety Standards, MCL 483.151 *et seq.*, specifically Rules 49 CFR 192.603(b) and 49 CFR 192.605(a) as incorporated in those standards, and recommended a civil penalty totaling \$40,000.

NOW THEREFORE, in full and final resolution of all matters related to the “probable violations” and civil penalty proposed in Staff’s July 11, 2016 letter, the parties to this Agreement agree as follows:

1. The parties agree that Consumers Energy shall pay \$20,000 to the MPSC within 30 days after the receipt of any minute entry accepting this Agreement. The parties further agree that this payment amount shall not be recoverable in the rates charged to Consumers Energy customers, but Consumers Energy may pursue reimbursement through other means allowed by law.

2. The parties further agree that Consumers Energy shall submit a response letter to Staff indicating remedial actions that the Company will implement to address issues related to the alleged “probable violation” of Rule 49 CFR 192.603(b) and the first and second alleged “probable violations” of Rule 49 CFR 192.605(a), as indicated in Staff’s July 11, 2016, with the payment addressed in Paragraph 1 of this Agreement. Once the aforementioned remedial actions have been completed, Consumers Energy shall submit a letter of final resolution which provides Staff with notice of the completion of those actions.

3. The parties agree that this Agreement is entered into for the sole and express purpose of reaching a compromise among the parties and avoiding further use of administrative or judicial resources in connection with this matter. All offers of settlement and discussions relating to this settlement are, and shall be considered, privileged under MRE 408 and other similar laws. Neither the parties to this Agreement nor the Commission shall make any reference to, or use, this Agreement or the minute entry accepting it, as a reason, authority, rationale, or example for taking any action or position or making any subsequent decision in any other case or proceeding except as required by MCL 483.161(2)(e); provided, however, such references may be made to enforce or implement the provisions of this Agreement.

4. This Agreement is in response to the allegations contained in Staff’s July 11, 2016 letter to Consumers Energy. The parties agree that this Agreement is intended for the full and

final disposition of that matter. So long as the Commission accepts this Agreement without any modification, the parties agree not to appeal, challenge, or otherwise contest the Commission minute entry accepting this Agreement. The parties agree and understand that this Agreement does not limit any party's right to take new and/or different positions on similar issues in other administrative or judicial proceedings, or appeals related thereto.

5. The parties agree that this Agreement has been negotiated in good faith, and that neither this Agreement nor actions taken by Consumers Energy in negotiation, execution, or satisfaction of this Agreement shall constitute or be construed as a finding or admission of any liability or violation of any law, rule, regulation, or requirement. The execution of this Agreement by Consumers Energy is not an admission of liability with respect to any issue addressed by the Agreement, nor is it an admission of any factual allegations or legal determinations stated or implied herein. Consumers Energy does not admit, and retains the right to dispute in any subsequent proceeding other than a proceeding to implement or enforce this Agreement, the validity of any findings, conclusions, or determinations made or implied by Staff's July 11, 2016 letter or in this Agreement.

6. If the Commission rejects or modifies this Agreement or any provision of the Agreement, this Agreement shall be deemed to be withdrawn, shall not be used for any other purpose, and shall be without prejudice to the pre-negotiation positions of the parties.

7. This Agreement may be modified upon mutually acceptable terms and conditions. Any modification to this Agreement must be in writing and will become effective upon the approval of authorized representatives of all of the undersigned parties.

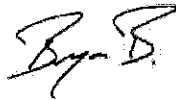
8. This Agreement does not expand or impact the jurisdiction or authority of the Commission.

9. The parties agree that acceptance of this Agreement by the Commission would be reasonable and in the public interest.


10. This Agreement may be executed and delivered in counterparts, including by a facsimile or an electronic transmission thereof, each of which shall be deemed an original. Any document generated by the parties with respect to this Agreement, including this Agreement, may be imaged and stored electronically and introduced as evidence in any proceeding as original business records. The parties agree to not object to the admissibility of such images as evidence in any proceeding on account of having been stored electronically.

WHEREFORE, the undersigned authorized signers for the parties have caused this Agreement to be signed as of the date(s) indicated below their respective signatures:

MICHIGAN PUBLIC SERVICE
COMMISSION STAFF

By: 
Bryan A. Brandenburg, Esq.
Assistant Attorney General
Public Service Division
7109 W. Saginaw Hwy
Lansing, MI 48917
Dated: 10/21/16

CONSUMERS ENERGY COMPANY

By: 
Robert W. Beach, Esq.
Attorney for Consumers Energy
One Energy Plaza
Jackson, MI 49201
Dated: 10/21/2016

Digitally signed by
Robert W. Beach
Date: 2016.10.21
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